THE MAGAZINE OF CORPORATE MANAGEMENT

Business Month

JUNE 1990 $3.00

High Anxiety

Are You Losing Control? Learning to Survive Corporate America's Crisis of Power

Uneasy Peace

An Arms Maker At War With Itself

Bad Medicine

Is Health Care Killing You? Take the FaxPoll

Business MONTH

JUNE 1990

MICHAEL LLEWELLYN

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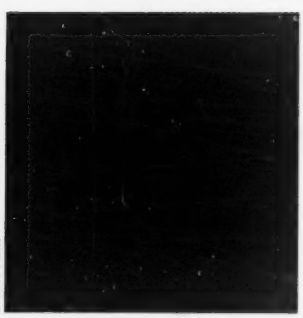

LARRY FINK

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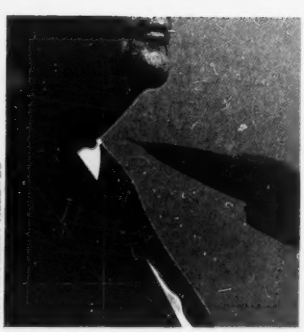

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Cover Photograph:
Michael Llewellyn

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High Anxiety

Are you really still in charge? Subordinates now make decisions that were once yours and constantly challenge your authority. There's a crisis of power in corporate America. Managers must adapt or risk losing control forever. *By Patrick Houston*

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Night Stalker

Hey, Culligan Man! Years ago that was the cry when your water smelled foul. Today, Culligan Man Frank Barnaba is cleaning up a more devastating mess—child prostitution. *By Mark Stuart Gill*

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MBAs—Who Needs 'Em?

MBAs now want to fight for industry again. Question: After persevering without them for years, do you really want them now? *By Richard Blow*

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Thou Shalt Create

In the brave new world of biotechnology, it's bottom-line time. And that's putting profit-oriented managers at odds with research-driven scientists. *By Sandra Salmans*

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Sticking to Its Guns

Your biggest customer no longer wants what you make. What do you do? If you're General Dynamics, you don't even consider retreating. *By Michael Kelly*

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Beware the gods of quality. They may give false omens

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GENDER CLASH

THE ANSWER TO YOUR FIRST HEADLINE ON your April 1990 cover, "Women on the CEO Track—Why the Best and Brightest Have Given Up the Race," can be found in your second headline, directly underneath: "FaxPoll: Are You a Ladies' Man?" It's hopeless. You guys have no command of the obvious.

ROSANNE M. CAHN
First Boston Corporation
New York

GETTING IT RIGHT

BY DESIGN OR EDITORIAL COINCIDENCE, your April issue seemed to focus particularly on corporate relationships: company and employees, company and directors, company and key external audiences.

You, your editorial staff, and your writers did a very good job and, at the same time, perhaps found a niche that will differentiate BUSINESS MONTH more effectively from other business media. My view is that corporate governance and the company-employee relationship will be among the key issues of the 1990s.

Good luck as you further refine the "new" magazine. BUSINESS MONTH is definitely much better.

LAWRENCE R. TAVCAR
Stamford, Connecticut

BONDS OF RESPECT

JOHN SCHWARTZ COULDN'T BE MORE ON target than when he advocates a continuing dialogue between CEOs and Wall Street ("The Delicate Art of Wooing Wall Street," CEO's Journal, April).

The absolutely worst time to try and establish communications with the financial community is when your company is in the grip of a crisis. That makes it all the more regrettable that Schwartz relegates mention of Compaq's bondholders to a few subordinate paragraphs.

If anything, the situation should be the other way around. It is the bondholders who have a senior claim on the company and its assets. Specifics of Compaq's situation aside, if there is any group in the investment community with which a CEO (or CFO) should keep in close touch, it is the owners of a company's debt instruments.

Their concerns differ from those of stock analysts—for example, credit quality is far more important than quarterly-earnings forecasts—but the need for dialogue with bond analysts and investors is equally vital.

DAVID H. KOGUT
Senior vice president
GCI Corporate & Financial
New York

BILL BUSTING

THE TONE OF BEN STEIN'S "BILL OF Rights" sounds like one belonging to an indignant autocrat who believes that people should stay in their places and do as they are told. Its sarcastic and patronizing wording portrays a typically American management response to a frustrated work force—a work force that has, in many ways, been abused by a historically clumsy, ego-driven management style.

The bill may be the author's response to a caste system he and thousands of others like him helped to create. The old philosophy that loyalty may be demanded and need not be inspired is archaic, and—read my lips—it is not working!

JERRY R. GRADY
Whitehall, Michigan

A TESTING TESTIMONIAL

HAVING JUST READ "YOU SAID YES" (March), I thought you might be interested to know that our company, Southeast Paper Manufacturing Company, has successfully implemented a comprehensive drug-testing program throughout its organization.

New employees undergo testing prior to beginning work; in addition, all 600-plus employees, from the president on down, are subject to random testing, as well as testing for cause, as the situations dictate. Anyone testing positive is allowed to enter a rehabilitation program; afterward, a repeat positive results in termination. This program has proved to be successful in providing a drug-free work environment.

FRANK P. NEWMAN
Operational services manager
Southeast Paper Manufacturing Company
Dublin, Georgia

Address letters to Letters Editor, BUSINESS MONTH, *488 Madison Avenue, New York, NY 10022. Or fax 1-800-766-7655. All letters must include the writer's name, address, and telephone number.*

Waking

Where have all the chauvinists gone? You know, the bosses who thought a woman's place at the office was in the steno pool. Have they really wised up? Most of you say there are too few women in management and that competence has nothing at all to do with gende

NO PROBLEM, 86% of you say. The two main reasons most of you would work for a woman? 1) Quality leadership looks the same in a skirt or trousers; 2) good past experience. Many write that women are better communicators and fairer managers than men. "She may be more likely than a man to empathize with her people striving to get ahead," one of you points out. For another reader, it's all a matter of upbringing: "I was able to respond to my mother reasonably well." Thirteen percent express qualms about serving a woman boss, including a handful of female subscribers: "Most senior women still have a chip on their shoulders about being female, and I wouldn't want to work for them."

Up to Women

Pitifully small is how 64% of you characterize the number of women in upper management; 27% describe it as about right; and 9% insist it's more than adequate. But even some supporters caution against relying on quotas to fill the gap: "Many companies are falling prey to 'The Skirt Syndrome'—promoting women who are undeserving just to raise the number of women in management. What harm does this do to morale and people's attitude toward women?"

Behave like a man? Hell no! clamor 74% of you. "Some *male* managers should behave more like *women*," one reader writes. "Behavior isn't the criterion; performance is," says another. Not all of the 24% who think women should behave more like men are being sexist: "Assimilation is a tool to break the barrier from middle to upper management." "They need to shed the stereotype of being 'soft,' indecisive, and too emotional."

It Should Be Okay to Ask a Woman About:

91% Career Ambitions

34% Marital Status

31% Plans to Have Children

36% Child-Care Arrangements

6% None of These

FaxPoll™

ARE YOU A LADIES' MAN?

1. The number of women in upper management is:
2. Women are doing well enough in the workplace that they no longer need laws to protect them.
3. Do women need to behave more like men to get ahead?
4. During a job interview, you should have the right to ask a woman questions about:
5. Should women who work fewer hours because of family responsibilities be willing to accept a slower career track?
6. Would you have serious qualms about working for a woman boss?
7. The main reason women haven't risen to the top of more corporations is:

55% think women still need laws to protect them

A slow track is fair for a woman who works less in order to take care of her family, say a resounding 77% of you. But many readers hasten to add in the poll's margins that the same rule should apply to men who make similar sacrifices.

Discrimination holds women back most, 32% of you say. Others blame it on women's inclination to put family first (12%) or their lack of management skills (12%). And 43% offer a grab bag of answers. Among them: "It's the world's inability to psychologically accept women in positions of power in traditionally male-dominated industries."

May Feedback Preview

DOWN, BUT NOT OUT

Wall Street *has* whipped some of you. In early returns to May's FaxPoll, 34% of you complain that the buyout binge has left your company increasingly distracted. Eighty percent think Drexel got what it deserved. How will tomorrow's CEOs spend most of their time? And who will keep them on their toes? We'll tell you next month. Until then, doesn't it make you sick? Your health-care plan, that is. Turn to page 80.

ing more important. It's already taking over some of the penchant for organized sports. We recruit people from all over the United States. They don't necessarily want to go into New York to have a cultural experience." That's where Waterloo Village comes in.

Once the ancient burial ground for the Munsee tribe and a supplier of iron to the Continental Army, the village thrived in the 1830s as a major lock stop along the barge canal that cut across New Jersey

The promise of the good life has lured executives from as far away as California.

and served as the gateway to commercial development in the West. Waterloo grew with the increased volume of transported goods—coal, iron ore, grain, wood, bricks, and lumber—surviving the early days of the iron horse. But after the Sussex Railroad bypassed the village in 1901, Waterloo fell on hard times.

Caspersen has more than a passing historical interest in the place; the land on which Waterloo Village sits once belonged to his family. His father—O.W. (Olaus Westby) Caspersen, a former president and chairman of Beneficial—picked up the property after the stock market crash and, following World War II, was all set to develop it into a large residential community. That's when Percival H.E. Leach, a designer and amateur historian, pleaded with the elder Caspersen to spare the place and consider donating it to the state as a historic site. Caspersen not only relented, he also gave Leach his first job—redesigning the interior of Beneficial's corporate headquarters. Says Leach, who went on to become the chief architect of Waterloo's rebuilding, "We took the proceeds from that job, and from subsequent jobs, and put them into the restoration."

Most of that rebuilding took place while the younger Caspersen was attending college and law school. But once he was named chairman of the Waterloo Foundation in 1978, Caspersen was forced into an active role. "Waterloo was having serious financial problems," he recalls. "The 17 and 18 percent interest rates on too much debt were killing it. So I assembled and headed a financial consortium of five New Jersey banks that bailed it out."

From then on, there was no getting rid of him. Between early morning telephone calls, trips to Trenton (the state's capital) to lobby for funding, and quiet lunches with Leach, Caspersen puts in several hours a week on behalf of Waterloo. He talks constantly about the village as though it were *his* place. "We're hoping to build a real inclined plane along the barge canal," he rhapsodizes. "That will show visitors working examples of the old engineering techniques that allowed barges to be pulled up 70 to 80 feet."

For the last decade, the fates of Beneficial and Waterloo have been nearly inseparable. Caspersen not only earmarks charitable contributions but also calls on his own people to pitch in. "We lend our infrastructure," he says, "helping with the printing of brochures, using our legal staff for various jobs. We really can make a difference, with very little cost to our shareholders."

But how good a magnet is Waterloo when it comes to drawing top-notch talent to Beneficial? "We've had no difficulty getting company people to transfer here from California—that's traditionally been a very difficult thing to accomplish," Caspersen declares. "We've also had very good luck with outsiders, especially with women managers. They come here, see how safe and pleasant the surroundings are, and they can't resist." ■

James L. Shepherd is the former news director at Financial News Network.

A defense against cancer can be cooked up in your kitchen.

There is evidence that diet and cancer are related. Some foods may promote cancer, while others may protect you from it.

Foods related to lowering the risk of cancer of the larynx and esophagus all have high amounts of carotene, a form of Vitamin A which is in cantaloupes, peaches, broccoli, spinach, all dark green leafy vegetables, sweet potatoes, carrots, pumpkin, winter squash, and tomatoes, citrus fruits and brussels sprouts.

Foods that may help reduce the risk of gastrointestinal and respiratory tract cancer are cabbage, broccoli, brussels sprouts, kohlrabi, cauliflower.

Fruits, vegetables and whole-grain cereals such as oatmeal, bran and wheat may help lower the risk of colorectal cancer.

Foods high in fats, salt- or nitrite-cured foods such as ham, and fish and types of sausages smoked by traditional methods should be eaten in moderation.

Be moderate in consumption of alcohol also.

A good rule of thumb is cut down on fat and don't be fat. Weight reduction may lower cancer risk. Our 12-year study of nearly a million Americans uncovered high cancer risks particularly among people 40% or more overweight.

Now, more than ever, we know you can cook up your own defense against cancer. So eat healthy and be healthy.

No one faces cancer alone.

AMERICAN CANCER SOCIETY®

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